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Arizona Corporation Commission

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Attorneys for Liberty Utilities (Litchfield Park Water & Sewer) Corp.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE
APPLICATION OF LIBERTY
UTILITIES (LITCHFIELD PARK
WATER & SEWER) CORP. FOR AN
ACCOUNTING ORDER
AUTHORIZING THE DEFERRAL OF
COSTS ASSOCIATED WITH EFFORTS
TO ADDRESS THE POTENTIAL
CONTAMINATION OF WATER
SUPPLY LOCATED IN MARICOPA
COUNTY, ARIZONA.

DOCKET NO. W-01427A-16-0200

NOTICE OF FILING

In support of Liberty Utilities (Litchfield Park Water & Sewer) Corp.'s ("Company") Request for Approval to Remediate Certain Contaminants filed June 23, 2016, the Company hereby files proposed ordering language to be included in an Order from the Arizona Corporation Commission ("Commission") authorizing and directing the Company to undertake any and all necessary measures to remediate Perfluorooctanoic Acid ("PFOA") and Perfluorooctane Sulfonate ("PFOS") potentially impacting the Company's water supply as set forth in the application. A copy of the Company's proposed ordering language is attached as **Exhibit A**. The Company requests that the

1 Commission issue an order granting the Company's application and include the ordering
2 provisions contained in **Exhibit A**.

3 RESPECTFULLY SUBMITTED this 7th day of July, 2016.

4 SHAPIRO LAW FIRM, P.C.

6 By: 

7 Jay L. Shapiro
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10 and

11 LIBERTY UTILITIES

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16 Attorneys for Liberty Utilities
(Litchfield Park Water & Sewer) Corp.

17 **ORIGINAL** and 13 copies of the
18 foregoing were hand-delivered this
7th day of July, 2016, to:

19 Docket Control
20 Arizona Corporation Commission
1200 West Washington
21 Phoenix, AZ 85007

22 **COPY** of the foregoing was hand-delivered
this 7th day of July, 2016, to:

23 Dwight D. Nodes, Assistant Chief Administrative Law Judge
24 Hearing Division
25 Arizona Corporation Commission
1200 West Washington
26 Phoenix, AZ 85007

1 **COPY** of the foregoing was emailed & hand-delivered
2 this 7th day of July, 2016, to:

3 Robert Geake
4 Bridget Humphrey
5 Legal Division
6 Arizona Corporation Commission
7 1200 West Washington
8 Phoenix, AZ 85007
9 rgeake@azcc.gov
10 bhumphrey@azcc.gov

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By: Whitney Smith

EXHIBIT A

IT IS THEREFORE ORDERED that Liberty (Litchfield Park Water & Sewer) Corp is hereby authorized and ordered to take any and all reasonable and necessary actions to remediate contamination and potential contamination of its water supplies from Perfluorooctanoic Acid ("PFOA") and Perfluorooctane Sulfonate ("PFOS") potentially impacting the Company's water supply located in Maricopa County, Arizona. These actions include, but are not limited to, leasing, purchasing and/or constructing, and then installing, operating and maintaining facilities and other measures necessary to reduce PFOA/PFOS in the Company's water supplies to levels that meet or exceed all federal and state regulations, including, but not limited to, the May 17, 2016 United States Environmental Protection Agency Health Advisories lowering the levels of PFOA and PFOS from 400 parts per trillion for PFOA and 200 parts per trillion for PFOS to 70 parts per trillion for PFOA and PFOS combined.

IT IS FURTHER ORDERED that Liberty (Litchfield Park Water & Sewer) Corp will be authorized to include in rate base the reasonable and prudent capital and operating costs of complying with this order and reducing PFOA/PFOS in Liberty (Litchfield Park Water & Sewer) Corp's water supplies to levels that meet or exceed all federal and state regulations, including, but not limited to, the May 17, 2016 United States Environmental Protection Agency Health Advisories concerning PFOA/PFOS.

IT IS FURTHER ORDERED that Liberty (Litchfield Park Water & Sewer) Corp is hereby authorized to record, for accounting and ratemaking purposes, all increased costs incurred beginning April 11, 2016 complying with this order and reducing PFOA/PFOS in Liberty (Litchfield Park Water & Sewer) Corp's water supplies to levels that meet or exceed all federal and state regulations, including, but not limited to, the May 17, 2016 United States Environmental Protection Agency Health Advisories concerning PFOA/PFOS, as deferred debits in Account No. 8600-2-0100-10-1910-0000 (NARUC Account No. 186.2 – Other Deferred Debits) for recovery in a future general rate case.

IT IS FURTHER ORDERED that the orders issued to Liberty (Litchfield Park Water & Sewer) Corp herein, including the authorization to defer costs, constitute a finding and determination that the capital and operating costs to be incurred and subject to deferral are necessary to comply with this order and are appropriately, reasonably and prudently being incurred to reduce PFOA/PFOS in Liberty (Litchfield Park Water & Sewer) Corp's water supplies to levels that consistently meet or exceed all federal and state regulations, including, but not limited to, the May 17, 2016 United States Environmental Protection Agency Health Advisories concerning PFOA/PFOS.

IT IS FURTHER ORDERED that while no rates are being set in this order, Liberty (Litchfield Park Water & Sewer) Corp is being assured that its financial investment in protecting its customers and the general public from PFOA/PFOS in accordance with this order and all federal and state regulations, including, but not limited to, the May 17, 2016 United States Environmental Protection Agency Health Advisories concerning PFOA/PFOS is appropriate, reasonable and prudent and subject to recovery through rates to be approved in one or more general rate cases subject to the following conditions:

- A. Unless otherwise approved by the Commission, the authorizations and approvals set forth in this Order shall not apply to any capital costs or expenses incurred after June 30, 2018, with recognition that rate proceedings to recover such costs may take place after such date.
- B. Unless otherwise approved by the Commission, the authorizations and approvals set forth in this Order shall not apply to any capital costs for PFOA/PFOS remediation in excess of \$1.2 million for remedial measures.
- C. Unless otherwise approved by the Commission, the authorization to defer costs in Account No. 8600-2-0100-10-1910-0000 (NARUC Account No. 186.2 – Other Deferred Debits) for recovery as capital costs in a future general rate case set forth in this Order shall not apply to any deferred debits above \$1.2 million.

IT IS FURTHER ORDERED that Liberty (Litchfield Park Water & Sewer) Corp shall make good faith efforts to pursue legal remedies against any party or parties responsible for contamination and/or potential contamination of its water supplies by PFOA/PFOS, and any amounts recovered by Liberty (Litchfield Park Water & Sewer) Corp from such party or parties shall be used to offset legal costs incurred by the Company in pursuing such legal remedies, the cost of complying with this Order and remediating contamination and potential contamination of water supplies from PFOA/PFOS.

IT IS FURTHER ORDERED that Liberty (Litchfield Park Water & Sewer) Corp shall prepare and retain accounting records sufficient to permit review, in a rate proceeding, of all capital and operating costs, deferred costs, including costs of pursuing available legal remedies for recovery from the party or parties responsible for the PFOA/PFOS contamination of water supplies, and any proceeds recovered from third-parties, as authorized above.

IT IS FURTHER ORDERED that Liberty (Litchfield Park Water & Sewer) Corp shall file a general rate case no later than June 30, 2017.

IT IS FURTHER ORDERED that Liberty (Litchfield Park Water & Sewer) Corp shall file with Docket Control, as a compliance item in this docket, quarterly status reports of all matters related to Liberty (Litchfield Park Water & Sewer) Corp's compliance with this Order and steps to remediate contamination and potential contamination of its water supplies from PFOA/PFOS. This reporting shall commence 90 days after issuance of this Order and continue thereafter on a quarterly basis until the earlier of a filing of a rate case by the Company or one year after the in-service date of the last plant item installed by Liberty (Litchfield Park Water & Sewer) Corp to remediate PFOA/PFOS in Liberty (Litchfield Park Water & Sewer) Corp's water supplies to levels that meet or exceed all federal and state regulations, including, but not limited to, the May 17, 2016 United States Environmental Protection Agency Health Advisories lowering the levels of PFOA and PFOS from 400 parts per trillion for PFOA and 200 parts per trillion for PFOS to 70 parts per trillion for PFOA and PFOS combined.